

# **FISCAL NOTE**

## **HB 2884 - SB 2865**

March 31, 2006

**SUMMARY OF BILL:** Permits adult consumers 21 years of age or older to ship wine for personal consumption directly from a winery located in this state or in another state to their home or business provided that a signature is obtained for delivery confirmation.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues – Exceeds \$4,000,000**

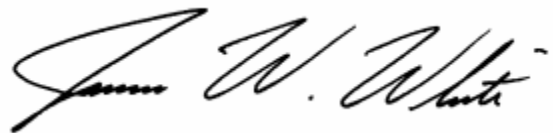
**Decrease Local Govt. Revenues – Exceeds \$1,000,000**

Assumptions:

- Taxes on a gallon of wine produced at a Tennessee winery include state and local sales tax and a \$.015 enforcement tax on each case of wine shipped in Tennessee.
- The state sales and use tax rate is 7% and the average local rate is 2.4%.
- In FY 05, \$8.3 million was generated from the \$1.21 per gallon excise wine tax.
- In FY 05, the sales tax collection from liquor stores for wine sales was \$14.3 million.
- There will be a loss of revenue in tax collection for direct shipments of wine from entities that are outside the state taxing system.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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